

Message Text

UNCLASSIFIED

PAGE 01 LONDON 16519 01 OF 02 291542Z

44

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 OMB-01 EB-07

TRSE-00 MC-02 ACDA-10 SAJ-01 /090 W

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R 291529Z OCT 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5971

SECDEF

UNCLAS SECTION 01 OF 02 LONDON 16519

DEFENSE FOR ISA/DSAA

E.O. 11652: N/A

TAGS: MARR, MASS, MILI,UK

SUBJ: CONSERVATIVE CHARGES CONCERNING UK DEFENSE SALES

ORGANIZATION

1. SUMMARY: TWO CONSERVATIVE MPS RECENTLY CHARGED THE MOD'S DEFENSE SALES ORGANIZATION WITH RESTRICTING BRITISH DEFENSE SALES THROUGH 'ARBITRARY DECISIONS...AS TO WHAT MAY OR MAY NOT BE SOLD TO FRIENDLY NATIONS...' ROY MASON, SECRETARY OF STATE FOR DEFENSE, REPLIED TO THE CHARGES PUBLICLY. END SUMMARY.

2. CHAPMAN PINCHER, IN THE DAILY EXPRESS OF 20 OCTOBER, QUOTED A "PRIVATE LETTER" FROM KENNETH WARREN, MP (CONSERVATIVE, HASTINGS) TO ROY MASON, SECRETARY OF STATE FOR DEFENSE, UNDER A FRONT-PAGE HEADLINE 'MPS DEMAND ACTION ON LOST ARMS SALES' WHICH EVOKED A PUBLIC REPLY FROM MASON. ACCORDING TO PINCHER, A NUMBER OF TORY MPS ARE CONCERNED THAT HUGE ARMS ORDERS "INVOLVING THOUSANDS OF JOBS COULD BE LOST BECAUSE CIVIL SERVANTS ARE BEING ALLOWED TO EXERCISE TOO MUCH POWER". PINCHER QUOTES IN PART A LETTER FROM WARREN TO MASON AS FOLLOWS: "THE IMPOSITION OF SECRECY ON NEGOTIATIONS IS CONCEALING UN-

UNCLASSIFIED

PAGE 02 LONDON 16519 01 OF 02 291542Z

FORTUNATE ARBITRARY DECISIONS WITHIN THE DEFENCE SALES

DEPARTMENT AS TO WHAT MAY OR MAY NOT BE SOLD TO FRIENDLY NATIMNS BY BRITISH FIRMS. I UNDERSTAND THAT THE IRANIAN GOVERNMENT HAS A SHOPPING LIST OF EQUIPMENT IT WANTS TO PURCHASE FROM BRITISH FIRMS, BUT SOME OF THESE HAVE BEEN TOLD THEY MUST AWAIT PERMISSION OF THE DEFENCE SALES DEPARTMENT TO BID FOR ORDERS. IT IS NOT THE JOB OF DEFENCE SALES TO DECIDE WHETHER COMPANIES BE ALLOWED TO BID FOR EXPORT ORDERS. IT APPEARS THAT THE DEPARTMENT IS ACTING AS IF BRITAIN CAN AFFORD TO TURN AWAY EXPORTS. I FEEL AN INQUIRY SHOULD BE INITIATED".

3. THE TEXT OF MASON'S REPLY, DATED 23 OCTOBER (PROVIDED US BY THE MOD) IS AS FOLLOWS:

"THANK YOU FOR YOUR LETTER OF 17TH OCTOBER ABOUT THE DEFENCE SALES ORGANISATION OF THE MINISTRY OF DEFENCE.

"I HAD THOUGHT UNTIL I READ IN MONDAY'S DAILY EXPRESS PART OF THE TEXT OF YOUR LETTER TO ME, WHICH INCIDENTALLY I RECEIVED ON THE SAME DAY, THAT CRITICISM OF THE TYPE THAT YOU ARE LEVELLING AT THE DEFENCE SALES ORGANISATION HAD BEEN EFFECTIVELY DEALT WITH IN THE FULL ARMS SALES DEBATE IN THE HOUSE ON 8TH JULY. I REGRET VERY MUCH THAT YOU DO NOT TAKE THE SAME VIEW.

"I WAS SURPRISED TO SEE YOU EXPRESS THE VIEW THAT THE DEFENCE SALES ORGANISATION WERE TAKING ARBITRARY DECISIONS ABOUT WHAT MAY OR MAY NOT BE SOLD TO FRIENDLY GOVERNMENTS BY BRITISH FIRMS. I CAN ASSURE YOU THAT THIS IS NOT SO, AND THAT BRITISH FIRMS ARE NOT SUBJECT TO INTERFERENCE Y THE ORGANISATION IN BIDDING FOR INDIVIDUAL OVERSEAS OPDERS THAT ARISE.

"AS YOU KNOW, THE FUNCTION OF THE DEFENCE SALES ORGANISATION IN RELATION TO BRITISH INDUSTRY, IS TO GIVE

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PAGE 01 LONDON 16519 02 OF 02 291540Z

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R 291529Z OCT 75
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UNCLAS SECTION 02 OF 02 LONDON 16519

ALL THE SUPPORT AND ADVICE THEY CAN WITHIN THE GUIDANCE LAID DOWN BY HER MAJESTY'S GOVERNMENT. YOU ALSO KNOW THAT, WHILE IT HAS BEEN THE POLICY OF SUCCESSIVE BRITISH GOVERNMENTS TO ENCOURAGE THE EXPORT OF DEFENCE EQUIPMENT, WE HAVE TO TAKE INTO ACCOUNT A RANGE OF POLITICAL, STRATEGIC AND ECONOMIC POLICY CONSIDERATIONS. THE DEFENCE SALES ORGANISATION OPERATES WITHIN THE LIMITS OF GOVERNMENT POLICY IN THESE AREAS. AS I POINTED OUT IN THIS YEAR'S DEFENCE WHITE PAPER THE VALUE OF SALES OF DEFENCE EQUIPMENT FOR 1975/76 IS EXPECTED TO REACH POUNDS 560 MILLION; THIS IS A VALUABLE CONTRIBUTION TO NATIONAL EXPORTS.

"I SHARE YOUR WISH FOR A VIGOROUS AND SUCCESSFUL ORGANISATION. I BELIEVE WE HAVE JUST SUCH AN ORGANISATION. IF YOU HAVE ANY SPECIFIC COMPLAINT ABOUT THE ACTIVITIES OF DEFENCE SALES THEN I SHOULD BE GRATEFUL FOR DETAILS SO THAT I CAN EXAMINE IT. BUT I CANNOT DEAL WITH GENERALIZED CRITICISMS OF THE KIND STATED IN YOUR LETTER.

"AS YOU WILL SEE FROM YESTERDAY'S HANSARD I HAVE ANSWERED NEVILLE TROTTER'S CLAIM THAT THE GOVERNMENT REFUSED TO ALLOW 3 SUBMARINES TO BE BUILT IN THE UK FOR IRAN: NO SUCH ORDERS WERE RECEIVED.

"SINCE YOUR LETTER WAS REPORTED IN THE PRESS ON
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PAGE 02 LONDON 16519 02 OF 02 291540Z

MONDAY, I AM PROPOSING TO RELEASE MY REPLY."

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